**MARKING SCHEME**

**MUMIAS WEST SUB – COUNTY 2022 JOINT EXAMINATION**

**BUSINESS STUDIES 565/2**

1. **a). Explain FIVE benefits that may occur to a community that is involved in trading activities. (10 marks)**
2. Accessing **a variety of goods/services** to choose from/satisfy their numerous needs.
3. Helping people to **acquire what they may not be able to produce**.
4. Helps **provide/to dispose** off their surplus produce.
5. **Creation of employment opportunities** – leading to improved living standards/due to improved economic activities.
6. Encourages specialization and division of labour.
7. **Promotes social relations/good understanding** among trading partners.
8. **Provides revenue to business people/government** through taxes/profits.
9. **Foreign exchange** earner to a country.
10. **Ensure steady supply of goods/services** hence avoiding shortages.
11. **Boosting economic growth** of a country/economy.
12. **Exploitation of local** idle resources.

**Any 5 × 2 = (10 marks)**

**b). Explain FIVE factors to consider when establishing a warehouse for imported goods. (10 marks)**

1. **Handling facilities/equipment** – should have modern equipment/for ease of operations.
2. **Security** – for protecting goods from theft.
3. **Structures/building design** – has to conform to international/accepted standards to handle imported goods.
4. **Management personnel** – should be properly skilled/trained to be qualified to handle goods.
5. **Proximity/nearness to entry** – for ease of clearance.
6. **Existence of basic infrastructure** – such as good roads/power required/communication.
7. **Compliance to legal requirements/government policy/all relevant legal requirements have to be met** – to avoid conflict with the law/lawsuits.
8. **Storage facilities/equipment** – should be appropriate for the type of goods to be handled.
9. **Documentations/recording system** – for proper stock control.
10. **Safety** – for protecting goods from damage by weather/rodents/ensure safety of personnel.

**Any 5 × 2 = (10 marks)**

1. **a). Explain FIVE ways of making face to face communication effective. (10 marks)**
2. **Tone variation** – to break monotony/sustain interest.
3. **Audibility** – by use of appropriate voice projection/speaker/microphone/PA.
4. **Courtesy/respect** – between sender/receiver to avoid hostility.
5. **Adequacy/completeness** – to avoid incomplete information/give enough information.
6. **Preparedness/planning** – by sender to enhance confidence.
7. **Accuracy/correctness of the message** – to avoid misleading of the receiver.
8. **Good listening/attentiveness** – to get information being sent/presented.
9. **Positive attitude** – between communicating parties.
10. **Use of common language** – to enhance understanding.
11. **Making message brief/concise** – to avoid unnecessary details/retain attention.
12. **Use of non-verbal cues/gestures** – to clarify verbal messages.
13. **Clarity of the message** – to avoid misunderstanding.
14. **Use of simple language/non-technical terms/language** – to be understood by receiver.

**Any 5 × 2 = (10 marks)**

**b). Explain FIVE documents required to be filled with the registrar of companies to facilitate registration of companies. (10 marks)**

1. **Memorandum of Association** – specifies the name of the proposed company, capital raised, objectives and headquarters.
2. **Articles of Association –** contains the set of rules formulated to govern the internal operations of the company.
3. **Declaration –** shows that the registration requirements have been met (it is signed by the company secretary/lawyer/director to be).
4. **A statement by directors –** signed by proposed directors agreeing that they will be directors.
5. **List of Directors –** specifies their names, addresses and occupations.

**Any 5 × 2 = (10 marks)**

1. **a). Explain FIVE factors that may be considered in locating a firm. (10 marks)**
2. **Availability/accessibility of raw materials/where they can easily access raw materials** – for use.
3. **Availability of skilled/adequate labour** – for use.
4. **Market/demand** – for their products.
5. **Favourable government policies** – will attract firms in some places.
6. **Availability of land** – for future expansion/their operations.
7. **Availability of capital** – where they can easily get capital to start/expand.
8. **Sources of energy/power/electricity**- where power is easily available for use in their operations/future expansions.
9. **Availability of social amenities** – where they can easily access social facilities/banks/schools/ hospitals/water.
10. **Good transport and communication network** – to assist them easily access their market supplies.

**Any 5 × 2 = (10 marks)**

b). Angoa Enterprises had the following balances as at 31st December, 2021. Cash in hand Kshs. 20,000 and a bank overdraft of Kshs. 8,600. During the month, the following transactions took place: March 3: Wafula settled his account of Kshs. 16,000 by a Cheque of Kshs. 15,000.

6: Paid rent by Cash Kshs. 8,000.

10: Deposited Kshs. 6,000 into the business bank account from the cash till.

15: Paid Wamalwa account of Kshs. 20,000 by Cheque and he received a discount of 2%. 18: Deposited Kshs. 28,000 in the bank from private sources.

21: Cash Sales Kshs 12,000.

26: Purchased furniture for Kshs. 5,200 by Cheque.

30: Withdrew Cash from the bank for personal use leaving a bank balance of Kshs. 5,600

in the bank account.

***Required:*** Prepare a dully balanced three column cash book. (10 marks)

**Angoa Traders**

Dr 3 **Column Cash Book** Cr

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | **Details** | **F** | **Disc All** | **Cash** | **Bank** | **Date** | **Details** | **F** | **Disc Rec** | **Cash** | **Bank** |
| 2021  Jan 1  3  10  12  18 | Balance√  Wafula√  Cash√  Sales√  Add Inve /Capital√ | b/d  C | 1,000√  .  1,000√ | 20,000√  12,000√    .  32,000 | 15,000√  6,000√  28,000√ 49,000 | 2021  Jan 1  6  10  15  26  30  31 | Balance√  Rent√  Bank√  Wamalwa√  Furniture√  Drawings√  Balance√ | c/d | 400√  .  400√ | 8,000√  6,000√  18,000√  32,000 | 8,600√√  19,600√  5,200√  10,000√  5,600√  49,000 |

**(Any 30 × ⅓= 10 marks)**

1. **a). Explain FIVE measures the government may take to control inflation. (10 marks)**
2. **Control money supply/ensure that any increase in money supply** is matched with increase in goods/services.
3. **Increasing the level of income tax/reduce government spending/use of fiscal policies** which reduces disposable income hence reduce/control the level of demand.
4. **Encourage producers to use cheaper local input instead of importing more expensive inputs**.
5. **Control trade union wage demand** so that they don’t make excessive demand.
6. **Avoid taxation of wide range of commodities and special essential commodities**.
7. **Avoid devaluation of its currency** in cases of heavy reliance on imported consumer goods.
8. **Avoid imposing tariffs on imported raw materials** especially those for the manufacturing of essential goods/products.

**Any 5 × 2 = (10 marks)**

**b). Explain FIVE demerits that may be associated with water transport. (10 marks)**

1. **Relatively slow** – hence perishable/urgently needed goods may not be transported/the way take long when travelling.
2. **Limited availability –** only applicable where water is available.
3. Waterways **can be affected by adverse weather conditions** such as freezing/drought.
4. **Cost of maintaining/construction** of ports/canals/waterways/labour may be relatively high/expensive making it unaffordable for some countries.
5. **Waterways may not be navigable** – due to rough terrain/waterfalls/cataracts/rapids/shallowness/ inhabited by dangerous animals/rough waters.
6. **High cost of units of carriages/vessels** – which may make them unaffordable (to acquire/maintain).
7. **May lack flexibility** – to offer door to door services/some vessels follow regular/fixed time/schedules/routes.
8. **May be prone to piracy in the high seas/remote areas** – may lead to losses/increased insurance costs.

**Any 5 × 2 = (10 marks)**

1. **a). Explain FIVE reasons why effective filing system is important in an office. (10 marks)**
2. **Tidiness in the office is maintained/office kept tidy** – as documents are neatly arranged.
3. **Quick access to information/retrieval of information is made easy** – since documents are serialized/coded.
4. **Safety of information** from damage/by bad weather/fire/pests.
5. **Savings on (storage) space/minimum space** – as documents are kept compactly/cds/flash disks.
6. **Prompt decision making possible/saves time in making decisions** – as information is readily/easily available.
7. **Encourages transparency/accountability** – as no documents are easily misplaced/as movements of documents can be monitored.
8. **Safeguard secrets/confidential information** as documents are kept away from unauthorized access/under lock/key.
9. **Storage/safe-keeping of information/documents** for future reference/use.

**Any 5 × 2 = (10 marks)**

b**). Explain the following concept as used in population.**

1. **Fertility -** number of live births per thousand women in child bearing age per year/annum
2. **Infant Mortality rate –** number of child death per thousand children below the age of one year per annum/year.
3. **Life expectancy –** the average number of years a person born alive is expected to live.
4. **Optimum population –** population (in a given region) where per capita income is at the highest level possible.
5. **Per capita income -** income per head/amount of money earned per person in a nation/geographic region.

**Any 5 × 2 = (10 marks)**

1. **a). Explain FIVE benefits a customer will derive from buying goods from a departmental stores. (10 marks**)
2. **Access to specialize goods** – from the relevant departments/shops/since each shop sells/stocks particular type of goods.
3. **Personal attention to customers** – since customers have easy access to relevant staff.
4. **Access to auxiliary/after sale services** – which may be readily available within the store.
5. **One can save time** – by shopping under one roof.
6. **Prices of goods are relatively low** – making customers to save/buy more goods.
7. **One can access a variety of goods** – under one roof/to choose from.
8. **Allow use of credit/debit cards,** relieving customers the need for carrying cash/to purchase goods without cash.
9. **Access to the new products/information** – which he/she may not have been aware of.

**Any 5 × 2 = (10 marks)**

b). The following Trial Balance was extracted from the books of Shianda Utensils on June 2010.

Shianda Utensils

Trial Balance

As at 30th June, 2010

|  |  |  |
| --- | --- | --- |
| **Details** | **Dr** | **Cr** |
| Capital  Sales  Purchases  Stock (1/7/2009)  Returns  Discounts  Motor vehicle  Premises  Debtors  Creditors  Rent  Advertising  Carriage outwards  Cash at bank  Wages and Salaries  Cash in hand | 140,000  21,000  7,000  4,800  30,000  300,000  14,500  6,900  11,000  4,500  8,400  5,600  7,400 | 336,000  187,000  10,000  4,100  24,000 |
| **TOTAL** | **561,100** | **561,100** |

Stock on 30th June, 2010 was valued at Kshs. 20,000.

Prepare: a) Profit and loss account for the year ended June 30th 2010. (6 marks)

b) Balance sheet as at 30th June, 2010. (4 marks)

**Shianda Utensils**

**Trading Profit and Loss Account**

**Dr For the period ended 30th June 2010√ Cr**

**Sh Sh Sh Sh**

Opening Stock 21,000**√** Sales 187,000**√**

Purchases 140,000**√** Less Return Inwards 7,000**√**

Less Returns Outwards 10,000**√** 130,000**√** Net Sales/Turn over 180,000**√**

G.A.S 151,000**√**

Less Closing Stock (20,000) **√**

Cost of Goods Sold 131,000**√**

Gross Profit c/d 49,000**√**

180,000 180,000

Discounts 4,800**√** Gross Profit 49,000**√**

Rent 6,900**√** Discount Received 4,100**√**

Advertising 11,000**√**

Carriage outwards 4,500**√**

Wages and Salaries 5,600**√**  32,800**√**

Net Profit 20,300√

53,100 53,100

**(Any 20 × ¼ = 5 marks)**

**Shianda Utensils**

**BALANCE SHEET**

**Dr As At 30th June 2010√ Cr**

**Fixed Assets Sh Sh Sh Sh**

Motor vehicle30,000**√** Capital 336,000**√**

Premises 300,000**√** 330,000Add Net Profit 20,300**√**

Net Capital 356,300

**Current Assets Short Liabilities**

Debtors 14,500**√**

Bank 8,400**√** Creditors 24,000**√**

Cash 7,400**√**

Stock 20,000**√** 50,300 .

380,300 467,700

**(Any 10 × ½= 5 marks)**